

CITY OF LOMA LINDA REDEVELOPMENT AGENCY
LOMA LINDA, CALIFORNIA

FINANCIAL STATEMENTS

JUNE 30, 2005

CITY OF LOMA LINDA REDEVELOPMENT AGENCY

JUNE 30, 2005

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STATEMENT OF NET ASSETS
JUNE 30, 2005

	<u>Governmental Activities</u>	
Assets:		
Cash and investments		\$ 6,802,210
Receivables:		
Tax increment	\$ 193,650	
Interest	65,664	
Loans	<u>997,034</u>	
Total Receivables		1,256,348
Due from other governments		260,459
Land held for resale (net)		12,082,948
Deferred charges		501,471
Other assets		134,256
Restricted assets:		
Cash and investments with trustees		<u>717,526</u>
Total Assets		<u>21,755,218</u>
Liabilities:		
Accounts payable and accrued expenses		426,532
Deposits from others		38,561
Other current liabilities		6,974
Long-term liabilities:		
Due within one year	464,303	
Due in more than one year	<u>30,276,152</u>	
Total Long-Term Liabilities		<u>30,740,455</u>
Total Liabilities		<u>31,212,522</u>
Net Assets:		
Restricted for:		
Capital projects	13,399,238	
Debt service	<u>6,697,554</u>	20,096,792
Unrestricted		<u>(29,554,096)</u>
Total Net Assets		<u>\$ (9,457,304)</u>



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INDEPENDENT AUDITORS' REPORT

To the Honorable Chair and Members of the Governing Board
Loma Linda Redevelopment Agency
City of Loma Linda, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Loma Linda Redevelopment Agency, California, a component unit of the City of Loma Linda, as of and for the year ended June 30, 2005, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Loma Linda Redevelopment Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Loma Linda Redevelopment Agency as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* issued by the Comptroller General of the United States, we have also issued our report dated August 25, 2005 on our consideration of the Loma Linda Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Agency has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.





To the Honorable Chair and Members of the Governing Board
City of Loma Linda Redevelopment Agency

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The combining project area schedules and computation of low and moderate income housing funds excess/surplus are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lance, Soll & Lunghard, LLP

August 25, 2005



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chair and Members of the Governing Board
City of Loma Linda Redevelopment Agency
City of Loma Linda, California

We have audited the financial statements of the City of Loma Linda Redevelopment Agency as of and for the year ended June 30, 2005 and have issued our report thereon dated August 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Loma Linda Redevelopment Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City of Loma Linda Redevelopment Agency are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws and regulations identified in the Guidelines for Compliance Audits of California Redevelopment Agencies, issued by the State Controller and as interpreted in the Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* issued by the Comptroller General of the United States.





To the Honorable Chair and Members of the Governing Board
City of Loma Linda Redevelopment Agency

This report is intended for the information of the Audit committee, management, and the State Controller.
However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lunghard, LLP

August 25, 2005

CITY OF LOMA LINDA REDEVELOPMENT AGENCY

Exhibit B

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
	Expenses				
Functions/Programs					
Governmental Activities:					
General government	\$ 1,558,218	\$ -	\$ -	\$ -	\$ (1,558,218)
Community development	514,712	-	-	-	(514,712)
Interest on long-term debt	1,715,038	-	-	-	(1,715,038)
Contributions to other governments	312,841	-	-	-	(312,841)
Total Governmental Activities	\$ 4,100,809	\$ -	\$ -	\$ -	(4,100,809)
General Revenues:					
Taxes (net of pass-through payments)					4,180,763
Intergovernmental					75,459
Use of money and property					331,026
Gain on sale of assets					8,304
Contribution from City					966,392
Other					4,648
Total General Revenues					5,566,592
Change in Net Assets					1,465,783
Net Assets at Beginning of Year					(10,853,318)
Restatement of Net Assets					(69,769)
Net Assets at End of Year					\$ (9,457,304)

See Notes to Financial Statements

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CITY OF LOMA LINDA REDEVELOPMENT AGENCY

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	Capital Projects		
	Project Area 1	Project Area 2	
	Project	Low and Moderate Housing	Project
Assets:			
Cash and investments	\$ 6,243,893	\$ 77,989	\$ 459,608
Cash and investments with trustee	-	-	-
Receivables:			
Tax increment	-	35,786	-
Interest	45,369	-	4,345
Loans	-	997,034	-
Due from Capital Projects funds	196,995	-	-
Due from Debt Service funds	-	41,755	-
Due from Low and Moderate Housing Funds	-	-	167,691
Due from other governments	-	-	-
Due from City	185,000	-	-
Land held for resale	870,790	4,701,876	5,511,169
Prepaid expenses	39,310	-	15,084
Sewer capacity rights	79,862	-	-
Total Assets	\$ 7,661,219	\$ 5,854,440	\$ 6,157,897
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 83,136	\$ 64,000	\$ 15,835
Deposits from others	19,550	75	10,436
Due to Capital Projects funds	-	-	196,995
Due to Debt Service funds	-	302,525	-
Due to Low and Moderate Housing Funds	-	-	56,395
Deferred revenue	-	12,696	-
Accrued payroll	2,965	1,171	1,896
Total Liabilities	105,651	380,467	281,557
Fund Balances:			
Reserved:			
Encumbrances	36,241	60	-
Land held for resale	870,790	4,701,876	5,511,169
Due to City	185,000	-	-
Prepaid expenses	39,310	-	15,084
Sewer capacity rights	79,862	-	-
Long-term receivables	-	997,034	-
Unreserved:			
Designated:			
Debt service	-	-	-
Continuing projects	6,344,365	-	350,087
Undesignated	-	(224,997)	-
Total Fund Balances	7,555,568	5,473,973	5,876,340
Total Liabilities and Fund Balances	\$ 7,661,219	\$ 5,854,440	\$ 6,157,897

See Notes to Financial Statements

Exhibit C

Capital Projects	Debt Service		Other Governmental Funds	Total Governmental Funds
	Project Area 1	Project Area 2		
Project Area 2 Low and Moderate Housing	Tax Increment	Tax Increment		
\$ -	\$ 984	\$ 16,656	\$ 3,080	\$ 6,802,210
-	574,033	143,493	-	717,526
2,944	143,144	11,776	-	193,650
2,660	10,471	2,797	22	65,664
-	-	-	-	997,034
56,395	-	-	-	253,390
-	-	-	-	41,755
-	302,525	-	-	470,216
-	-	-	75,459	75,459
-	-	-	-	185,000
999,113	-	-	-	12,082,948
-	-	-	-	54,394
-	-	-	-	79,862
\$ 1,061,112	\$ 1,031,157	\$ 174,722	\$ 78,561	\$ 22,019,108
\$ 7,262	\$ -	\$ -	\$ -	\$ 170,233
8,500	-	-	-	38,561
167,691	-	-	-	364,686
-	-	-	-	302,525
-	41,755	-	-	98,150
-	-	-	75,459	88,155
942	-	-	-	6,974
184,395	41,755	-	75,459	1,069,284
-	-	-	-	36,301
999,113	-	-	-	12,082,948
-	-	-	-	185,000
-	-	-	-	54,394
-	-	-	-	79,862
-	-	-	-	997,034
-	989,402	174,722	-	1,164,124
-	-	-	3,102	6,697,554
(122,396)	-	-	-	(347,393)
876,717	989,402	174,722	3,102	20,949,824
\$ 1,061,112	\$ 1,031,157	\$ 174,722	\$ 78,561	\$ 22,019,108

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2005**

Fund balances of governmental funds	\$ 20,949,824
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Amounts reported for governmental activities in the statement of net assets are different because:

Deferred revenue is present in governmental fund financial statements to indicate that receivables are not available currently; however, in the Statement of Net Assets these deferrals are eliminated.	88,155
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Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:

Debt issuance costs on bonds issued	545,225
Amortization over life of new bonds through end of fiscal year	(43,754)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds

Bonds and leases payable	(12,241,055)
Loans from City	(18,390,711)
Unamortized loss on bonds defeased	256,026
Unamortized original issue discount or premium	(364,715)

Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(256,299)
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Net assets of governmental activities	<u>\$ (9,457,304)</u>
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CITY OF LOMA LINDA REDEVELOPMENT AGENCY

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Capital Projects</u>		<u>Capital Projects</u>
	<u>Project Area 1</u>		<u>Project Area 2</u>
	<u>Project</u>	<u>Low and Moderate Housing</u>	<u>Project</u>
Revenues:			
Taxes and assessments	\$ -	\$ 715,949	\$ -
Use of money and property	147,757	117,089	15,886
Other revenue	57	4,591	-
Total Revenues	147,814	837,629	15,886
Expenditures:			
Current:			
General government	645,247	517,112	174,722
Community development	-	16,747	-
Capital outlay	465,609	6,338	338
Debt service	-	14,268	464,000
Total Expenditures	1,110,856	554,465	639,060
Excess (Deficiency) of Revenues Over (Under) Expenditures	(963,042)	283,164	(623,174)
Other Financing Sources (Uses):			
Transfers in	-	52,000	464,000
Transfers out	(552)	(157)	(552)
Long-term debt issued	1,050,000	-	150,000
Pass-through agreement payments	-	-	-
Gain (loss) on sale of land held for resale	-	8,304	-
Payment to Educational Revenue Augmentation Fund	(250,273)	-	(62,568)
Contribution from City	(123)	720,000	(108)
Total Other Financing Sources (Uses):	799,052	780,147	550,772
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ (163,990)	\$ 1,063,311	\$ (72,402)
Fund Balances:			
Beginning of Year, as previously reported	\$ 6,118,958	\$ 3,590,772	\$ (473,747)
Restatements	1,600,600	819,890	6,422,489
Beginning of Year, as restated	7,719,558	4,410,662	5,948,742
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(163,990)	1,063,311	(72,402)
Residual equity transfers	-	-	-
End of Year (Schedule 1)	\$ 7,555,568	\$ 5,473,973	\$ 5,876,340

See Notes to Financial Statements

Capital Projects		Debt Service			
Project Area 2	Project Area 1	Project Area 2	Other Governmental Funds	Total Governmental Funds	
Moderate Housing	Tax Increment	Tax Increment			
\$ 161,959	\$ 2,863,794	\$ 647,834	\$ -	\$ 4,389,536	
11,266	20,528	5,526	278	318,330	
-	-	-	-	4,648	
173,225	2,884,322	653,360	278	4,712,514	
221,137	-	-	-	1,558,218	
24,854	-	-	-	41,601	
826	-	-	-	473,111	
-	2,963,133	966,051	-	4,407,452	
246,817	2,963,133	966,051	-	6,480,382	
(73,592)	(78,811)	(312,691)	278	(1,767,868)	
-	709	709	-	517,418	
(157)	-	(464,000)	(52,000)	(517,418)	
-	399,672	783,899	-	2,383,571	
-	(208,773)	-	-	(208,773)	
-	-	-	-	8,304	
-	-	-	-	(312,841)	
246,623	-	-	-	966,392	
246,466	191,608	320,608	(52,000)	2,836,653	
\$ 172,874	\$ 112,797	\$ 7,917	\$ (51,722)	\$ 1,068,785	
\$ 279,843	\$ (1,357,024)	\$ (6,600,767)	\$ 65,365	\$ 1,623,400	
424,000	2,223,197	6,767,463	-	18,257,639	
703,843	866,173	166,696	65,365	19,881,039	
172,874	112,797	7,917	(51,722)	1,068,785	
-	10,432	109	(10,541)	-	
\$ 876,717	\$ 989,402	\$ 174,722	\$ 3,102	\$ 20,949,824	

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds	\$ 1,068,785
Amounts reported for governmental activities in the statement of activities differs from the amounts reported in the statement of activities because:	
Repayment of long-term liabilities are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	2,704,381
Bond issuance costs is an expenditure in the governmental funds, but it is deferred charges in the statement of net assets:	
Amortization for current fiscal year	(20,194)
Unamortized premium or discounts on bonds issued are revenue or expenditures in the governmental funds, but these are spread to future periods over the life of the new bonds:	
Amortization for current fiscal year	14,686
Proceeds of debt is revenue in the governmental funds, but these are additions to the statement of net assets.	(2,383,571)
Defeasance of debt is expenditures in the governmental funds, but these are spread to future periods:	
Amortization over defeased bond lives through end of fiscal year	(10,309)
Revenues reported in the Statement of Activities which do not meet the revenue recognition criteria and, therefore, are not reported as revenues in the governmental funds	88,155
Expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Current accrual of interest due on bonds	(256,299)
Prior year accrual of interest due on bonds	260,149
Change in net assets of governmental activities	\$ 1,465,783

CITY OF LOMA LINDA REDEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2005**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the Reporting Entity

The City of Loma Linda Redevelopment Agency (the Agency) is a component unit of a reporting entity that consists of the following primary and component units:

Reporting Entity:

Primary Government:

City of Loma Linda

Component Units:

City of Loma Linda Redevelopment Agency
Loma Linda Public Financing Authority

The attached basic financial statements contain information relative only to the Agency as one component unit, which is an integral part of the total reporting entity. They do not contain financial data relating to the other component units.

The Agency was created on March 29, 1979 by Ordinance No. 207. Two project areas have been created within the Agency:

Project Area No. 1 was approved November 13, 1979. First amendment to Project Area No. 1 - Amendment approved December 13, 1994. This area has a fiscal year 1994-95 frozen base.

Project Area No. 2 was approved April 28, 1987.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

Debt Service Funds - to account for the accumulation of resources for and the payment of interest and principal on general long-term debt.

Governmental Funds

Debt Service Major Funds:

Project Area 1
Tax Increment Fund

Project Area 2
Tax Increment Fund

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Capital Projects Funds - to account for financial resources segregated for the acquisition of major capital facilities.

Project Area 1
Project Fund

Project Area 2
Project Fund

Low and Moderate Housing Funds - to account for the 20% set-aside of tax increment revenue allocated to the Agency of the City of Loma Linda.

Project Area 1
Low and Moderate Housing Fund

Project Area 2
Low and Moderate Housing Fund

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

1. Investments

Investments for the Agency are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

Property tax revenue is recognized in the fiscal year for which the taxes have been levied providing they become available. Available means then due, or past due and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter (not to exceed 60 days) to be used to pay liabilities of the current period. The County of San Bernardino collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent, if unpaid, on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent on August 31.

3. Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value, if lower.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with GASB Statement No. 34, the Agency is required to report general infrastructure assets. The Agency does not own any capital assets as of the date on this report.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 1: Organization and Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Budgetary Data

General Budget Policies

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. The Board conducts public meetings prior to its adoption. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Supplemental appropriations, when required during the period, are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the departmental level. At fiscal year-end, all operating budget appropriations lapse. During the year, several supplementary appropriations were necessary.

Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

Budget Basis of Accounting

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

III. DETAIL NOTES ON FUNDS

Note 3: Cash and Investments

Cash and investments reported in the accompanying financial statements consisted of the following:

Cash and investments pooled with the City	\$ 6,802,210
Cash and investments with trustee	<u>717,526</u>
	<u>\$ 7,519,736</u>

The Agency's funds are pooled with the City of Loma Linda's cash and investments in order to generate optimum interest income. The information required by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, related to authorized investments, credit risk, etc. is available in the annual report of the City.

Note 4: Loans Receivable

Loans receivable consists of the following at June 30, 2005:

Deferred housing loans	\$ 308,181
Loans to developers	274,048
First-time homebuyers assistance	338,834
Housing loans/grants program	<u>75,971</u>
Total	<u>\$ 997,034</u>

Note 5: Other Assets

Other assets consist of the following at June 30, 2005:

Prepaid expenses	\$ 54,394
Sewer capacity rights	<u>79,862</u>
Total	<u>\$ 134,256</u>

The sewer capacity rights were purchased from the Board of Water Commissioners of the City of San Bernardino in 1984. They are sold as new areas of the City are developed. These also have been set up as reservations of fund equity.

Note 6: Long-Term Debt

- a. A description of long-term debt outstanding (excluding defeased debt) of the Agency as of June 30, 2005 follows:

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 6: Long-Term Debt (Continued)

During 2002-03, \$12,610,000 of Redevelopment Project Areas 1 and 2, 2003 Tax Allocation Refunding Bonds were issued. Proceeds of the 2003 Bonds were applied to (a) refund all of the Loma Linda Redevelopment Agency, Loma Linda Redevelopment Project Area 2, 1993 Tax Allocations Bonds, in the amount of \$1,895,000, (b) refund all of the Loma Linda Redevelopment Agency, Loma Linda Redevelopment Project Area 1, 1994 Tax Allocation Refunding Bonds outstanding in the amount of \$3,020,000, (c) further finance undertakings of the Agency for the Redevelopment Project and purposes related thereto, and (d) pay costs of issuance of the 2003 Bonds. The bonds are dated April 28, 2003 and are secured by a first and prior lien on tax increment revenues excluding any portion of the above-mentioned revenues, which are required to be deposited to the Agency's Low and Moderate Income Housing Fund. The bonds have varying interest rates ranging from 2.00% to 5.25%, and interest is payable semi-annually each January 1 and July 1, beginning January 1, 2004. Principal payments begin July 1, 2004 and continue on July 1 of each year through July 1, 2030. The balance of the 2003 Bonds at June 30, 2005 amounted to \$12,230,000.

Capitalized Lease

On July 23, 2002, the City of Loma Linda entered into a master lease agreement with CaLease Public Funding to lease various equipment totaling \$900,800 of which \$21,000 has been allocated as debt of the Redevelopment Agency. Payments are due February and August of each year commencing February 14, 2003 in the amount of \$2,380. Payments include interest at 4.57%. The principal balance of the Agency's portion of the lease at June 30, 2005 was \$11,055.

City Loans

During the current and previous fiscal years, the Agency has received loans from the City of Loma Linda. The loans do not have a fixed repayment schedule. \$18,195,321 of the loans bear interest at 12% per annum and \$195,390 of the loans bear 0% interest. The balance of these loans at June 30, 2005 amounts to \$18,390,711.

City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)

Note 6: Long-Term Debt (Continued)

- b. The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30:

	Balance July 1, 2004	Adjustments	Additions	Repayments	Balance June 30, 2005	Due Within One Year
<u>Project Area 1</u>						
City Loans-Principal	\$ -	\$ 2,490,258	\$ 1,050,000	\$ 14,268	\$ 3,525,990	\$ -
City Loans-unpaid interest	-	2,223,197	399,672	1,842,000	780,869	-
Capitalized Lease	7,584	-	-	2,056	5,528	2,151
Bonds-2003 Tax Allocation Refund Bonds	10,088,000	-	-	304,000	9,784,000	368,000
Total	10,095,584	4,713,455	1,449,672	2,162,324	14,096,387	370,151
<u>Project Area 2</u>						
City Loans-Principal	\$ -	\$ 6,846,489	\$ 150,000	\$ 464,000	\$ 6,532,489	\$ -
City Loans-unpaid interest	-	6,767,464	783,899	-	7,551,363	-
Capitalized Lease	7,584	-	-	2,057	5,527	2,152
Bonds-2003 Tax Allocation Refund Bonds	2,522,000	-	-	76,000	2,446,000	92,000
Total	2,529,584	13,613,953	933,899	542,057	16,535,379	94,152
<u>Total - All Project Areas</u>						
City Loans - Principal	\$ -	\$ 9,336,747	\$ 1,200,000	\$ 478,268	\$ 10,058,479	\$ -
City Loans - Unpaid Interest	-	8,990,661	1,183,571	1,842,000	8,332,232	-
Capitalized Lease	15,168	-	-	4,113	11,055	4,303
Bonds Payable	12,610,000	-	-	380,000	12,230,000	460,000
Total	\$ 12,625,168	\$ 18,327,408	\$ 2,383,571	\$ 2,704,381	\$ 30,631,766	\$ 464,303
Less:						
Unamortized original issue discount or premium					364,715	
Unamortized bond defeasance loss					(256,026)	
Net Long-term Debt					\$ 30,740,455	

The adjustments above related to the accounting for City Loans which was changed during the current year. This is more fully described in Note 8 to the financial statement.

- c. The following schedule illustrates the debt service requirements to maturity for long-term debt outstanding as of June 30:

	2003 Tax Allocation Refunding Bonds		2002 CaLease Financing Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2005 - 2006	\$ 460,000	\$ 509,875	\$ 4,303	\$ 457	\$ 464,303	\$ 510,332
2006 - 2007	475,000	499,356	4,502	258	479,502	499,614
2007 - 2008	480,000	488,013	2,250	51	482,250	488,064
2008 - 2009	490,000	474,663	-	-	490,000	474,663
2009 - 2010	500,000	459,813	-	-	500,000	459,813
2010 - 2015	2,785,000	2,027,294	-	-	2,785,000	2,027,294
2015 - 2020	2,060,000	1,502,975	-	-	2,060,000	1,502,975
2020 - 2025	2,305,000	987,684	-	-	2,305,000	987,684
2025 - 2030	2,170,000	418,969	-	-	2,170,000	418,969
2030 - 2035	505,000	12,941	-	-	505,000	12,941
Totals	\$ 12,230,000	\$ 7,381,583	\$ 11,055	\$ 766	\$ 12,241,055	\$ 7,382,349

City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)

IV. OTHER DISCLOSURES

Note 7: Interfund Receivable, Payable and Transfers

The composition of interfund balances as of June 30, 2005 is as follows:

Due To/From Other Funds

Funds	Due To Other Funds				Total
	Project Area 1 Tax Increment	Project Area 1 Low and Mod Housing	Project Area 2 Project	Project Area 2 Low and Mod Housing	
Due From Other Funds:					
Project Area 1					
Tax Increment	\$ -	\$ 302,525	\$ -	\$ -	\$ 302,525
Project	-	-	196,995	-	196,995
Low and Moderate Housing	41,755	-	-	-	41,755
Project Area 2					
Project	-	-	-	167,691	167,691
Low and Moderate Housing	-	-	56,395	-	56,395
Total	\$ 41,755	\$ 302,525	\$ 253,390	\$ 167,691	\$ 765,361

The Due To Project Area 1 - Capital Projects Fund and Project Area 2 - Low and Moderate Housing Fund of \$196,995 and \$56,395, respectively, from the Project Area 2 - Capital Projects Fund was a result of temporary deficit cash balance.

The Due to Project Area 2 - Capital Projects Fund of \$167,691 from the Project Area 2 - Low and Moderate Housing Fund was a result of a temporary deficit cash balance.

The Due To Project Area 1 - Tax Increment Fund of \$302,525 from the Project Area 1 - Low and Moderate Housing Fund was made to cover project costs.

The Due To Project Area 1 - Low and Moderate Housing Fund of \$41,755 from the Project Area 1 - Tax Increment Fund was made for the county pass-through payment.

	Transfers Out						
	Project Area 1		Project Area 2			Nonmajor Funds	Total
	Project	Low and Mod Housing	Tax Increment	Project	Low and Mod Housing		
Transfers In:							
Project Area 1:							
Low and Mod Housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,000	\$ 52,000
Tax Increment	552	157	-	-	-	-	709
Project Area 2:							
Tax Increment	-	-	-	552	157	-	709
Project	-	-	464,000	-	-	-	464,000
Total	\$ 552	\$ 157	\$ 464,000	\$ 552	\$ 157	\$ 52,000	\$ 517,418

City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)

Note 7: Interfund Receivable, Payable and Transfers (Continued)

Interfund Transfers were used to:

1. move receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and
2. transfer low-mod set aside funds from Inland Valley Development Agency to Project Area 1 Low and Mod Housing.

Note 8: Fund Equity

a. Restatement of Net Assets (Statement of Activities)

Restatement of net assets consists of the following:

Prior year Redevelopment fund removed:

Fund activity related to developer in lien fees which the City has determined should be accounted for in the City.	<u>\$ (69,769)</u>
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b. Restatement of Fund Balance (Statement of Revenue, Expenditures and Changes in Fund Balances)

Restatement of fund balances consists of the following:

Prior year Redevelopment fund removed:

Fund activity related to developer in lien fees which the City has determined should be accounted for in the City.	\$ (69,769)
Redevelopment advances from City reclassified to long-term loans.	<u>18,327,408</u>

Total Fund Balance Restatements	<u>\$18,257,639</u>
---------------------------------	---------------------

The adjustment of beginning fund balance for loans from the City has been done to comply with *GASB 34 Implementation Guidance* issued by the Governmental Accounting Standards Board during the current fiscal year.

Note 9: Joint Ventures

a. San Bernardino/Colton/Loma Linda Joint Powers Financing Authority

The Agency is a member of the San Bernardino/Colton/Loma Linda Joint Powers Financing Authority, a joint powers authority of the Redevelopment Agencies of the Cities of San Bernardino, Colton, Loma Linda and the County of San Bernardino. The Authority was formed September 30, 1991 for the purpose of issuing debt. Tax Allocation Notes for \$7,500,000 were issued November 1, 1991 and the proceeds were used to make a loan to the Inland Valley Development Agency (IVDA), of which the three cities plus the County of San Bernardino are members. The loan was used to pay certain operating and redevelopment costs of the Inland Valley Redevelopment Project Area. Since 1991, the original obligation has been refunded twice and in 1997 expanded to incorporate monies for school district purposes. The total 1997 refunding was \$44,485,000 of which 63% (\$28,025,550) is applicable to IVDA.

The obligations are secured by loan repayments made by the IVDA to the Authority. The obligation of the IVDA under the loan agreement will be payable from the IVDA's tax revenues from the project area. In the event that such tax revenues are unavailable, the obligations are further secured by commitments from the member agencies in the following percentages:

Redevelopment Agency of the City of San Bernardino	92.08 %
Redevelopment Agency of the City of Colton	3.06 %
Redevelopment Agency of the City of Loma Linda	4.86 %

**City of Loma Linda Redevelopment Agency
Notes to Financial Statements (Continued)**

Note 9: Joint Ventures (Continued)

The governing board of the Authority is composed of the Executive Directors of the City of Colton and the City of Loma Linda Redevelopment Agencies, the Agency Administrator of the Economic Development Agency of the City of San Bernardino and representatives of the County of San Bernardino. Since the Agency is not directly liable for repayment of these bonds, they have not been reflected in the accompanying financial statements.

On October 13, 1999, the IVDA's Board adopted a motion stating that the use of its cash balance is necessary to pay for scheduled debt service obligations and that suspension of further disbursements of 20% set-aside funds for affordable housing is necessary until further notice. However, during the current fiscal year, a receivable has been set-up reflecting the current Agency's portion of tax increment set-aside revenues.

b. Redlands Unified School District/Loma Linda Redevelopment Agency Joint Powers Authority

The Agency is a member of the Redlands Unified School District/Loma Linda Redevelopment Agency Joint Powers Authority formed October 13, 1992 for the purpose of jointly developing certain property and to issue debt. The governing board of the Authority is comprised of the Executive Director of the Agency, two members of the Agency Board of Directors and two members of the District Board of Education.

Note 10: Liability, Property and Workers' Compensation Protection

Insurance coverage has been obtained by the City of Loma Linda through the California Joint Powers Insurance Authority for the City of Loma Linda and all authorities under its control, including the Redevelopment Agency. Additional information as to the coverage can be obtained by contacting the City.

CITY OF LOMA LINDA REDEVELOPMENT AGENCY

**COMBINING PROJECT AREA BALANCE SHEET
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
JUNE 30, 2005**

	Project Area 1			
	Debt Service		Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
ASSETS:				
Cash and investments	\$ 984	\$ -	\$ 6,243,893	\$ 77,989
Cash and investments with trustee	574,033	-	-	-
Receivables:				
Tax increment	143,144	-	-	35,786
Interest	10,471	-	45,369	-
Loans	-	-	-	997,034
Due from Capital Projects Funds	-	-	196,995	-
Due from Debt Service Funds	-	-	-	41,755
Due from Low and Moderate Housing Funds	302,525	-	-	-
Due from other governments	-	-	-	-
Due from City	-	-	185,000	-
Land held for resale	-	-	870,790	4,701,876
Prepaid expenses	-	-	39,310	-
Sewer capacity rights	-	-	79,862	-
Total Assets	\$ 1,031,157	\$ -	\$ 7,661,219	\$ 5,854,440
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 83,136	\$ 64,000
Deposits from others	-	-	19,550	75
Due to Capital Projects Funds	-	-	-	-
Due to Debt Service Funds	-	-	-	302,525
Due to Low and Moderate Housing Funds	41,755	-	-	-
Deferred revenue	-	-	-	12,696
Accrued payroll	-	-	2,965	1,171
Total Liabilities	41,755	-	105,651	380,467
Fund Balances:				
Reserved:				
Encumbrances	-	-	36,241	60
Land held for resale	-	-	870,790	4,701,876
Loan to City	-	-	185,000	-
Prepaid expenses	-	-	39,310	-
Sewer capacity rights	-	-	79,862	-
Long-term receivables	-	-	-	997,034
Unreserved:				
Designated:				
Debt service	989,402	-	-	-
Continuing projects	-	-	6,344,365	-
Undesignated	-	-	-	(224,997)
Total Fund Balances	989,402	-	7,555,568	5,473,973
Total Liabilities and Fund Balances	\$ 1,031,157	\$ -	\$ 7,661,219	\$ 5,854,440

Project Area 2			
Debt Service		Capital Projects	Capital Projects
Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
\$ 16,656	\$ -	\$ 459,608	\$ -
143,493	-	-	-
11,776	-	-	2,944
2,797	-	4,345	2,660
-	-	-	-
-	-	-	56,395
-	-	-	-
-	-	167,691	-
-	-	-	-
-	-	-	-
-	-	5,511,169	999,113
-	-	15,084	-
-	-	-	-
\$ 174,722	\$ -	\$ 6,157,897	\$ 1,061,112
\$ -	\$ -	\$ 15,835	\$ 7,262
-	-	10,436	8,500
-	-	196,995	167,691
-	-	-	-
-	-	56,395	-
-	-	-	-
-	-	1,896	942
-	-	281,557	184,395
-	-	-	-
-	-	5,511,169	999,113
-	-	-	-
-	-	15,084	-
-	-	-	-
-	-	-	-
174,722	-	-	-
-	-	350,087	-
-	-	-	(122,396)
174,722	-	5,876,340	876,717
\$ 174,722	\$ -	\$ 6,157,897	\$ 1,061,112

COMBINING PROJECT AREA BALANCE SHEET
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
JUNE 30, 2005

	<u>Inland Valley Redevelopment Project Area</u>	<u>TOTALS</u>	
	<u>Capital Projects</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
	<u>Low and Moderate Housing</u>		
ASSETS			
Cash and investments	\$ 3,080	\$ 17,640	\$ 6,784,570
Cash and investments with trustee	-	717,526	-
Receivables:			
Tax increment	-	154,920	38,730
Interest	22	13,268	52,396
Loans	-	-	997,034
Due from Capital Projects Funds	-	-	253,390
Due from Debt Service Funds	-	-	41,755
Due from Low and Moderate Housing Funds	-	302,525	167,691
Due from other governments	75,459	-	75,459
Due from City	-	-	185,000
Land held for resale	-	-	12,082,948
Prepaid expenses	-	-	54,394
Sewer capacity rights	-	-	79,862
Total Assets	\$ 78,561	\$ 1,205,879	\$ 20,813,229
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 170,233
Deposits from others	-	-	38,561
Due to Capital Projects Funds	-	-	364,686
Due to Debt Service Funds	-	-	302,525
Due to Low and Moderate Housing Funds	-	41,755	56,395
Deferred revenue	75,459	-	88,155
Accrued payroll	-	-	6,974
Total Liabilities	75,459	41,755	1,027,529
Fund Balances:			
Reserved:			
Encumbrances	-	-	36,301
Land held for resale	-	-	12,082,948
Loan to City	-	-	185,000
Prepaid expenses	-	-	54,394
Sewer capacity rights	-	-	79,862
Long-term receivables	-	-	997,034
Unreserved:			
Designated:			
Debt service	-	1,164,124	-
Continuing projects	3,102	-	6,697,554
Undesignated	-	-	(347,393)
Total Fund Balances	3,102	1,164,124	19,785,700
Total Liabilities and Fund Balances	\$ 78,561	\$ 1,205,879	\$ 20,813,229

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CITY OF LOMA LINDA REDEVELOPMENT AGENCY

**COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Project Area 1			
	Debt Service		Capital Projects	Capital Projects
	Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
Revenues:				
Taxes and Assessments:				
Tax increment	\$ 2,863,794	\$ -	\$ -	\$ 715,949
Use of Money and Property:				
Interest income	20,528	-	147,757	34,322
Rental income	-	-	-	82,767
Other revenue:				
Miscellaneous Revenue	-	-	57	4,591
Total Revenues	2,884,322	-	147,814	837,629
Expenditures:				
Current:				
General Government:				
Administrative costs	-	-	501,652	317,620
Professional services	-	-	143,595	199,492
Public Safety:				
Operation of acquired property	-	-	-	16,747
Capital Outlay:				
Project improvement costs	-	-	465,609	6,338
Debt Service:				
Interest expense	815,077	-	-	-
Long-term debt repayments	2,148,056	-	-	14,268
Total Expenditures	2,963,133	-	1,110,856	554,465
Excess of Revenues over (under) Expenditures	(78,811)	-	(963,042)	283,164
Other Financing Sources (Uses)				
Transfers in	709	-	-	52,000
Transfers out	-	-	(552)	(157)
Long-term debt issued	399,672	-	1,050,000	-
Pass through agreement payments	(208,773)	-	-	-
Gain (Loss) on sale of land held for resale	-	-	-	8,304
Payment to Educational Revenue Augmentation Fund	-	-	(250,273)	-
Contribution From City	-	-	-	720,000
Contribution to City	-	-	(123)	-
Total Other Financing Sources (Uses)	191,608	-	799,052	780,147
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ 112,797	\$ -	\$ (163,990)	\$ 1,063,311
Fund Balances				
Beginning of Year, as previously reported	\$ (1,357,024)	\$ 10,432	\$ 6,118,958	\$ 3,590,772
Restatements	2,223,197	-	1,600,600	819,890
Beginning of Year, as restated	866,173	10,432	7,719,558	4,410,662
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	112,797	-	(163,990)	1,063,311
Residual equity transfers	10,432	(10,432)	-	-
End of Year	\$ 989,402	\$ -	\$ 7,555,568	\$ 5,473,973

Project Area 2			
Debt Service	Debt Service	Capital Projects	Capital Projects
Tax Increment	Tax Revenue Bonds	Project	Low and Moderate Housing
\$ 647,834	\$ -	\$ -	\$ 161,959
5,526	-	15,886	11,266
-	-	-	-
-	-	-	-
<u>653,360</u>	<u>-</u>	<u>15,886</u>	<u>173,225</u>
-	-	167,256	166,452
-	-	7,466	54,685
-	-	-	24,854
-	-	338	826
887,994	-	-	-
78,057	-	464,000	-
<u>966,051</u>	<u>-</u>	<u>639,060</u>	<u>246,817</u>
<u>(312,691)</u>	<u>-</u>	<u>(623,174)</u>	<u>(73,592)</u>
709	-	464,000	-
(464,000)	-	(552)	(157)
783,899	-	150,000	-
-	-	-	-
-	-	-	-
-	-	(62,568)	-
-	-	-	246,623
-	-	(108)	-
<u>320,608</u>	<u>-</u>	<u>550,772</u>	<u>246,466</u>
<u>\$ 7,917</u>	<u>\$ -</u>	<u>\$ (72,402)</u>	<u>\$ 172,874</u>
\$ (6,600,767)	\$ 109	\$ (473,747)	\$ 279,843
6,767,463	-	6,422,489	424,000
166,696	109	5,948,742	703,843
7,917	-	(72,402)	172,874
109	(109)	-	-
<u>\$ 174,722</u>	<u>\$ -</u>	<u>\$ 5,876,340</u>	<u>\$ 876,717</u>

CITY OF LOMA LINDA REDEVELOPMENT AGENCY

Schedule 2
(Continued)COMBINING PROJECT AREA STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	Inland Valley Redevelopment Project Area Capital Projects Low and Moderate Housing	T O T A L S	
		Debt Service Funds	Capital Projects Funds
Revenues:			
Taxes and Assessments:			
Tax increment	\$ -	\$ 3,511,628	\$ 877,908
Use of Money and Property:			
Interest income	278	26,054	209,509
Rental income	-	-	82,767
Other revenue:			
Miscellaneous Revenue	-	-	4,648
Total Revenues	278	3,537,682	1,174,832
Expenditures:			
Current:			
General Government:			
Administrative costs	-	-	1,152,980
Professional services	-	-	405,238
Public Safety:			
Operation of acquired property	-	-	41,601
Capital Outlay:			
Project improvement costs	-	-	473,111
Debt Service:			
Interest expense	-	1,703,071	-
Long-term debt repayments	-	2,226,113	478,268
Total Expenditures	-	3,929,184	2,551,198
Excess of Revenues over (under) Expenditures	278	(391,502)	(1,376,366)
Other Financing Sources (Uses)			
Transfers in	-	1,418	516,000
Transfers out	(52,000)	(464,000)	(53,418)
Long-term debt issued	-	1,183,571	1,200,000
Pass through agreement payments	-	(208,773)	-
Gain (Loss) on sale of land held for resale	-	-	8,304
Payment to Educational Revenue Augmentation Fund	-	-	(312,841)
Contribution From City	-	-	966,623
Contribution to City	-	-	(231)
Total Other Financing Sources (Uses)	(52,000)	512,216	2,324,437
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	\$ (51,722)	\$ 120,714	\$ 948,071
Fund Balances			
Beginning of Year, as previously reported	\$ 54,824	\$ (7,947,250)	\$ 9,570,650
Restatements	-	8,990,660	9,266,979
Beginning of Year, as restated	54,824	1,043,410	18,837,629
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(51,722)	120,714	948,071
Residual equity transfers	-	-	-
End of Year	\$ 3,102	\$ 1,164,124	\$ 19,785,700

**COMPUTATION OF LOW AND MODERATE
INCOME HOUSING FUNDS
EXCESS/SURPLUS**

	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2004</u>	<u>Low and Moderate Housing Funds - All Project Areas July 1, 2005</u>
Opening Fund Balance	\$ 3,925,439	\$ 6,353,792
Less Unavailable Amounts:		
Land held for resale	\$ (4,064,773)	\$ (5,700,989)
Encumbrances (Section 33334.12 (g)(2))	(7,343)	(60)
Rehabilitation loans	<u>(1,175,706)</u>	<u>(997,034)</u>
	<u>(5,247,822)</u>	<u>(6,698,083)</u>
Available Low and Moderate Income Housing Funds	(1,322,383)	(344,291)
Limitation (greater of \$1,000,000 or four years set-aside)		
Set-Aside for last four years:		
2004 - 2005	-	877,908
2003 - 2004	760,417	760,417
2002 - 2003	640,700	640,700
2001 - 2002	640,064	640,064
2000 - 2001	<u>596,964</u>	<u>-</u>
Total	<u>\$ 2,638,145</u>	<u>\$ 2,919,089</u>
Base Limitation	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Greater amount	<u>2,638,145</u>	<u>2,919,089</u>
Computed Excess/Surplus	<u>None</u>	<u>None</u>